

Lion Athletics Association, Inc.**Financial Report****Year Ended June 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Lion Athletics Association, Inc.
Hammond, Louisiana

We have audited the accompanying statement of financial position of Lion Athletics Association, Inc. (formerly Southeastern Athletics Association, Inc.) as of June 30, 2011, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lion Athletics Association, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2011 on our consideration of Lion Athletics Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Pedelahore & Co. LLP

October 17, 2011

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Lion Athletics Association, Inc.
Statement Of Financial Position
June 30, 2011

Assets

Current Assets

Cash	\$ 356,083
Accounts receivables	<u>41,550</u>
Total current assets	<u>397,633</u>

Property, Plant And Equipment

Machinery and equipment	348,293
Office furniture and equipment	15,537
Automobiles and trucks	<u>14,556</u>
	378,386
Less accumulated depreciation	<u>122,819</u>
	<u>255,567</u>
	<u><u>\$ 653,200</u></u>

Liabilities And Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 3,267
Due to Southeastern Development Foundation, Inc.	33,821
Deferred income	52,428
Current maturities of long-term debt	<u>9,250</u>
Total current liabilities	<u>98,766</u>

Long-term liabilities

Long-term debt, net of current maturities	<u>18,500</u>
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Net Assets

Unrestricted	521,281
Temporarily restricted	<u>14,653</u>
	<u>535,934</u>
	<u><u>\$ 653,200</u></u>

The Notes to Financial Statement are an integral part of this statement.

Lion Athletics Association, Inc.
Statement Of Activities And Changes In Net Assets
Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue And Other Support			
Donations	\$ 100,343	\$ 111,636	\$ 211,979
Sponsors	429,249	1,610	430,859
In-kind donations	135,450	69,054	204,504
Memberships	60,229	3,241	63,470
Special events/tournaments	69,605	50,815	120,420
Concession sales - net of cost of goods sold	59,561	-	59,561
Other revenue	1,051	752	1,803
Net assets released from restrictions	<u>230,625</u>	<u>(230,625)</u>	<u>-</u>
Total revenue and other support	<u>1,086,113</u>	<u>6,483</u>	<u>1,092,596</u>
Expenses			
Program Services	230,625	-	230,625
Support Services			
Management and general	615,768	-	615,768
Fundraising	<u>84,842</u>	<u>-</u>	<u>84,842</u>
	<u>931,235</u>	<u>-</u>	<u>931,235</u>
Other Revenue And Expenses			
Loss on sale of assets	<u>(652)</u>	<u>-</u>	<u>(652)</u>
Changes in net assets	154,226	6,483	160,709
Net Assets - Beginning Of Year	<u>367,055</u>	<u>8,170</u>	<u>375,225</u>
Net Assets - End Of Year	<u>\$ 521,281</u>	<u>\$ 14,653</u>	<u>\$ 535,934</u>

The Notes to Financial Statements are an integral part of these statements.

Lion Athletics Association, Inc.

Statement Of Cash Flows

Year Ended June 30, 2011

Cash Flows From Operating Activities

Change in net assets	\$ 160,709
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation	25,845
Loss on sale of truck	652
Decrease in:	
Accounts receivable	44,600
Increase (decrease) in:	
Accounts payable	(29,241)
Due to Southeastern Development Foundation, Inc	(27,275)
Deferred revenue	<u>6,727</u>
Net cash provided by operating activities	<u>182,017</u>

Cash Flows From Investing Activities

Purchase of property and equipment	<u>(49,546)</u>
Net cash used by investing activities	<u>(49,546)</u>

Cash Flows From Financing Activities

Proceeds from long-term debt	37,000
Payments on long-term debt	<u>(36,525)</u>
Net cash provided by financing activities	<u>475</u>

Net Increase In Cash And Cash Equivalents \$ 132,946

Cash and cash equivalents at beginning of year 223,137

Cash and cash equivalents at end of year \$ 356,083

Supplementary disclosures of cash flow information
cash paid during the year for interest

\$ 859

The Notes to Financial Statements are an integral part of these statements.

Lion Athletics Association, Inc.
Notes To Financial Statement
Year Ended June 30, 2011

Note 1. Summary Of Significant Accounting Policies

Nature of Organization

Lion Athletics Association Inc., formerly known as Southeastern Athletics Association, Inc., ("the Association") was incorporated on March 18, 1982 under the provisions of Louisiana Revised Statute 12:201 as a non-profit corporation. The Association was formed to promote and support, on all levels, the Southeastern Louisiana University Athletics Program. These programs include baseball, basketball, softball, football, golf, tennis, track, soccer, volley ball, cheerleading, athletic training and weight training. The Association is supported primarily through contributions from corporate sponsors and private donors.

Basis of Accounting

The accompanying financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Net asset of the Association and changes therein are classified and reported as follows:

- Unrestricted net assets are not subject to donor-imposed stipulations.
- Temporarily restrict net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Association and/or the passage of time.
- Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Organization. There were no permanently restricted net assets as of June 30, 2011.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains or losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. \$230,625 of prior temporarily restricted net assets were released from donor restrictions as of June 30, 2011.

Lion Athletics Association, Inc.
Notes To Financial Statement
Year Ended June 30, 2011

Cash and Cash Equivalents

The Association considers all short term investments with an original maturity of three months or less to be cash equivalents.

Promises to Give

Pursuant with the Association's policy and in conformity with Financial Accounting Standards Board (FASB) recommendations for not-for-profit entities, unconditional promises to give are recognized as revenues or gains in the period received and as assets or decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise become unconditional.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities at the date of the financial statement and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment utilized by the Association is generally not recorded on the financial statement of the Association, as these assets are owned by Southeastern Louisiana University. For those assets owned by the Association, purchased property and equipment greater than \$1,000 is carried at cost; while donated property and equipment is recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over and estimated life between five and twenty-five years.

Donated Services

A significant portion of the Association's functions are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirement for recognition under FASB recommendations for not-for-profit entities.

Lion Athletics Association, Inc.
Notes To Financial Statement
Year Ended June 30, 2011

Income Tax Status

Under provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, the Association is exempt from taxes on income other than unrelated business income. The association has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(VI). Since the Association had no unrelated business income during the year ended June 30, 2011, no provision for income tax was made. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments for or disclosures in the financial statements.

Accounts Receivable

Accounts receivable represent amounts owed for sponsorships. They are stated at amounts management expects to collect from outstanding balances. An allowance for doubtful accounts is recorded based on a combination of write-off history, ageing analysis and any specific known troubled account. It is the Association's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance account was \$20,000 at June 30, 2011.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Association.

Change in Accounting Principle

For the year ending June 30, 2010, Lions Athletics Association, Inc. adopted FASB ASC 210, which notes that collections received in advance of the delivery of goods or performance of services are intended to be included in liabilities, known as deferred revenues, which consisted of sponsorships and memberships for the year ending June 30, 2011. Deferred income was \$52,428 at June 30, 2011.

Lion Athletics Association, Inc.
Notes To Financial Statement
Year Ended June 30, 2011

Note 2. Donated Services And Supplies

In-kind donations of \$204,504 for donated services and supplies that the Association would normally have had to purchase were recorded because the donations met the criteria of enhancing non-financial assets and the value of the services and materials provided were readily determinable.

Note 3. Property And Equipment

Property and equipment consisted of the following at June 30, 2011:

Transportation equipment	\$ 14,556
Office equipment	15,537
Sports equipment	<u>348,293</u>
Total property and equipment	378,386
 Less: accumulated depreciation	 <u>(122,819)</u>
 Total property and equipment, net	 <u>\$ 255,567</u>

Depreciation expense for the year ended June 30, 2011 was \$25,845.

Note 4. Debt

The Association had a note payable dated March 30, 2005 with an original loan amount of \$165,000, a maturity date of March 25, 2011, and a fixed interest rate of 6.75%. The terms of the note require it to be paid in 71 monthly installments of \$2,791, which is unsecured. At June 30, 2011, this loan was paid off.

The Association entered into a note payable on November 24, 2008 with a local institution for the purchase of a vehicle. The original loan amount was \$10,350, with a maturity date of November 25, 2011 and a fixed interest rate of 7%. The loan was paid off during 2011.

During 2011 the Association entered into a note payable for the purchase of a communication system. The original loan amount was \$37,000 with a maturity date of December 15, 2012 and zero interest. The loan balance at June 30, 2011 was \$27,750.

Lion Athletics Association, Inc.
Notes To Financial Statement
Year Ended June 30, 2011

Interest expense paid and incurred was \$859 in 2011.

The future maturities of these notes payable are as follows:

<u>Year Ending</u>	
2012	\$ 9,250
2013	<u>18,500</u>
	<u>\$ 27,750</u>

Note 5. Concentration Of Risk

Concentration of credit risk arising from cash deposits in excess of insured limits

The Association maintains cash balances at several financial institutions located in Hammond, Louisiana. Accounts at the institutions are fully insured by the Federal Deposit Insurance Corporation (FDIC).

Concentration of credit risk due to accounts receivable

Credit risk for accounts receivable can be concentrated if substantially all of the balances are receivable from entities located within the same geographic region. As of June 30, 2011, accounts receivable was \$61,550 and allowance for doubtful accounts was \$20,000. Of this amount, \$30,000 is due from one party.

Note 6. Related Party Transactions

The Association occupies an office provided by Southeastern Louisiana University. Since the value of the facilities used by the Association is not readily determinable, no related donation income or rent expense is recorded. In addition, and in accordance with Louisiana Revised Statutes 17:3390, the Association is of the opinion that all expenditures and in-kind services, except unrestricted funds used for administration, benefit the University. These amounts greatly exceed the cost of housing, personnel, and other support furnished to the Association by the University.

Lion Athletics Association, Inc.
Notes To Financial Statement
Year Ended June 30, 2011

As of June 30, 2011 the Association owed \$33,821 to the Southeastern Development Foundation, Inc. for the assumption of debt relating to capital renovations and for uniforms purchased for the sports program.

Financial services for the Association are performed by a Southeastern Louisiana University Development Foundation employee. The Association paid \$4,529 to the Foundation for the year ended June 30, 2011 for these services.

Note 7. Contingencies

The Association is occasionally involved in litigation and regulatory investigations arising in the ordinary course of operations. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of outstanding claims will not have a material adverse effect on the financial position or results of operations of the Association.

Note 8. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 17, 2011.

In July 2011 the Association entered into an agreement with UBU Sports to purchase football field turf for \$120,000.

**Other Independent Auditors' Report
And Findings And Recommendations**

PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

To the Board of Directors
Lions Athletics Association, Inc.
Hammond, Louisiana

We have audited the financial statements of Lions Athletics Association, Inc. (a non-profit corporation) (the "Association"), as of and for the year ended June 30, 2011, and have issued our report thereon dated October 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lions Athletics Association, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Lions Athletics Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management of Lions Athletics Association, Inc., the Board of Directors, others within the Association, the Louisiana Legislative Auditor and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Peddelalwa & Co., CPA

October 17, 2011

Lions Athletics Association, Inc.
Schedule Of Findings And Questioned Costs
Year Ended June 30, 2011

Section I – Summary Of Auditor’s Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	_____ Yes <u> X </u> No
Reportable conditions identified	
not considered to be material weakness?	_____ Yes <u> X </u> None Reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Not Applicable
Reportable conditions identified	
not considered to be material weakness?	Not Applicable
Type of auditors’ report issued on compliance for major programs:	Not Applicable
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	Not Applicable

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

Not Applicable

Dollar threshold used to distinguish between Type A and Type B programs:	Not Applicable
Auditee qualified as low-risk audit?	Not Applicable

Section II – Internal Control And Compliance

No reported findings for the year ended June 30, 2011

Section III – Management Letter Comments

No reported findings for the year ended June 30, 2011

Lions Athletics Association, Inc.
Summary Schedule Of Prior Audit Findings
Year Ended June 30, 2011

Section I – Compliance And Internal Control Material To The Financial Statements

No reported findings for the year ended June 30, 2010

Section II – Internal Control And Compliance

No reported findings for the year ended June 30, 2010

Section III – Management Letter

No reported findings for the year ended June 30, 2010